

**ABSTRACT**

In capacity driven industries, traditionally negotiated distribution and marketing agreements are used to buy and sell traditional units of capacity, for example, airline seats. Derivative products are used to buy, sell and trade standardized units of capacity in an over the counter (OTC) market and/or open derivative market. The derivative products are based on underlying features of a particular capacity driven industry to be traded as options, e.g., puts and calls, forwards, futures, swaps, or swaptions. The derivative products are based on verifiable financial evaluation of the standardized units and fair market value of the units available for purchase for each derivative product. These derivatives enable suppliers to monetize embedded derivatives within long-standing distribution practices.